Form (2)
Sr. No. 13048
Dated 31-12-2012

The Myanmar Investment Commission

PERMIT

Permit No. 537/ 2012 Date 31st December, 2012

The Myanmar Investment Commission issues this Permit under Section 10 of the Republic of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MR. KOJI NAKATA

(b) Citizenship JAPANESE

(c) Address 13-23-608 TATSUMIKITA, IKUNO- KU, OSAKA CITY, JAPAN.

(d) Name and Address of principal organization ADVAN CO., LTD. 3-14-6 TATSUMIHIGASHI, IKUNO-KU, OSAKA CITY, JAPAN.

(e) Place of incorporation JAPAN

(f) Type of business in which investment is to be made MANUFACTURING OF SHOES ON CMP BASIS

(g) Place(s) at which investment is permitted PLOT NO. 190/B, SEIKKANTHA STREET, INDUSTRIAL ZONE (1), HLAING THAR YAR TOWNSHIP, YANGON REGION

(h) Amount of foreign capital US $ 0.585 MILLION

(i) Period for bringing in foreign CAPITAL WITHIN ONE YEAR FROM THE DATE OF ISSUANCE OF MIC PERMIT

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US $ 0.585 MILLION

(k) Permitted duration of investment 30 YEARS

(l) Name of the economic organization to be formed in Myanmar HTUN INTERNATIONAL MANUFACTURING CO., LTD.

Chairman
The Myanmar Investment Commission

မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၅၃၇/၂၀၁၂ ၂၀၁၂ ခုနှစ်၊ ဒီဇင်ဘာလ ၃၁ ရက်

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော် နိုင်ငံခြား ရင်းနှီးမြှုပ်နှံမှု ဥပဒေ ပုဒ်မ (၁၀) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် MR. KOJI NAKATA

(ခ) မည်သည့် နိုင်ငံသား JAPANESE

(ဂ) နေရပ်လိပ်စာ 13-23-608 TATSUMIKITA, IKUNO- KU, OSAKA CITY, JAPAN.

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့် လိပ်စာ ADVAN CO., LTD.
3-14-6 TATSUMIHIGASHI, IKUNO-KU, OSAKA CITY, JAPAN.

(င) ဖွဲ့စည်းရာအရပ် JAPAN

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား CMP စနစ်ဖြင့် ဖိနပ်ထုတ်လုပ်ခြင်း လုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) မြေကွက်အမှတ်(၁၉၀/ဘီ)၊ ဆိပ်ကမ်းသာလမ်း၊ စက်မှုဇုန် (၁)၊ လှိုင်သာယာမြို့နယ်၊ ရန်ကုန်တိုင်းဒေသကြီး

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၀.၅၈၅ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ကော်မရှင် ခွင့်ပြုမိန့် ရရှိပြီး (၁)နှစ် အတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန် ဒေါ်လာ ၀.၅၈၅ သန်း နှင့် ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့် သက်တမ်း ၃၀ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင်ဖွဲ့စည်းမည့်စီးပွားရေးအဖွဲ့အစည်းအမည်
HTUN INTERNATIONAL MANUFACTURING CO., LTD.

ဥက္ကဋ္ဌ

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

THE REPUBLIC OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

Building No.(32), Nay Pyi Taw

Our ref : Ya Ka-1/Na- 741/ 2012(13048) Tel : 067-406334,406075

Dated : 31 December, 2012. Fax: 95-67-406333

Subject : Decision of the Myanmar Investment Commission on the proposal for "Manufacturing of Shoes on CMP Basis " under the name of "Htun International Manufacturing Co., Ltd".

Reference: Htun International Manufacturing Co., Ltd., Letter dated (2-11-2012).

1. The Myanmar Investment Commission, at its meeting (39/2012) held on (28-12-2012) had approved the proposal for investment in "Manufacturing of Shoes on CMP Basis " under the name of " Htun International Manufacturing Co., Ltd " submitted as a Joint Venture between Mr. Koji Nakata (65 %) from Japan and U Aung Thu Htun (20 %) and Daw Kay Thi Oo (15 %)from the Republic of the Union of Myanmar.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Republic of the Union of Myanmar Foreign Investment Law and Chapter VI, Article 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 30 (Thirty) years commencing from the date of signing of the Lease Agreement for land and buildings and extendable for another 5 (Five) years period by mutual agreement between U Aye Thaung and Htun International Manufacturing Co., Ltd. At the end of the Lease Agreement for land and buildings, Htun International Manufacturing Co., Ltd. shall transfer the leased land and immovable properties to the lessor within three months in good condition, ground damages having been refilled and repaired.

4. The annual rent for the land and buildings shall be US $ 41,377.11 (United States Dollar forty-one thousand, three hundred and seventy-seven and eleven cents only) calculated at the rate of US$ 5.50 per

square meter per year of land area 7,523.11 square metre (1.859 acres). The rate of rent shall be revised in view of prevailing land rates after every 5 (Five) years period and increase of the rent shall not be more than 10% of the preceeding annual rent.

5. Since it was recorded that Htun International Manufacturing Co., Ltd operated under Myanmar Citizens Investment Law had started the commercial operation with effect from the date 19th December 2008, the period of 36 (thirty six) consecutive months starting from the month of commencement of commercial operation to enjoy privileges for income tax exemption as stipulated in section 21 (a) of the Republic of the Union of Myanmar Foreign Investment Law was expired(terminated)on 18th December 2011. In this regards, Htun International Manufacturing Co., Ltd shall have no right to enjoy the tax exemption conferred by the Republic of the Union of Myanmar Foreign Investment Law.

6. In issuing this "Permit," the Commission has granted the followings, exemptions and reliefs under Section 21 shall have to be applied upon the actual performance of the project;

(a) As per section-21(b), exemption from income tax on profits of the business if they are maintained in a reserve fund and re-invested there in within one year after the reserve is made.

(b) As per section-21(c), right to accelerate depreciation in respect of machinery, equipment, building of other capital assets used in the business to the extent of the original value for the purpose of income- tax assessment.

(c) As per section-21(d), relief from income tax up to 50 percent on profits accrued from exports, such relief has to be applied, upon actual performance following 3 years tax holiday period.

(d) As per section-21(e), right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(e) As per section-21(f), right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(f) As per section-21(g), right to deduct from the assessable income such expense incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, only after 3 years tax holidays period.

(g) As per section-21(h), right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, in accordance with Section-4 of the Income Tax Amendment Law, 1991.

7. Htun International Manufacturing Co., Ltd shall have to sign the Lease Agreement for land & buildings with U Aye Thaung. Joint Venture Agreement shall have to be signed between Advan Co., Ltd from Japan and U Aung Thu Htun and Daw Kay Thi Oo from the Republic of the Union of Myanmar. After signing such Agreements, (5) copies shall have to be forwarded to the Commission.

8. Htun International Manufacturing Co., Ltd in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

9. Htun International Manufacturing Co., Ltd shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

10. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. Htun International Manufacturing Co., Ltd shall have to consult with Directorate of Labour, Ministry of Labour, Employment and Social Security for appointment of such foreign experts and technicians.

11. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Republic of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency.

12. Whenever Htun International Manufacturing Co., Ltd brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 11 (b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

13. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure (1)].

14. Htun International Manufacturing Co., Ltd shall have the right to conduct account transfer in exchanging foreign currency into Kyat and vice-versa as per para 20 of the Notification No. 40/2011 issued by the Government of the Republic of the Union of Myanmar, dated 30 September 2011.

15. Htun International Manufacturing Co., Ltd shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

16. Htun International Manufacturing Co., Ltd shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide

letter No. Ya Ka-1/139/94(0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems. In addition to this, it shall carry out as per comments made by Ministry of Environmental Conservation and Forestry in which to conduct Initial Environmental Examination (IEE) process and an Environmental Management Plan (EMP) which describe the measure to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted, and to perform activities in accordance with this EMP.

17. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Htun International Manufacturing Co., Ltd.

18. Htun International Manufacturing Co., Ltd in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Article 15 of the procedures relating to the Republic of the Union of Myanmar Foreign Investment Law.

(Soe Thane)
Chairman

Htun International Manufacturing Co., Ltd

cc: 1. Office of the Government of the Republic of the Union of Myanmar
2. Office of the Yangon Region Government
3. Ministry of National Planning and Economic Development
4. Ministry of Finance and Revenue
5. Ministry of Commerce
6. Ministry of Construction

7. Ministry of Foreign Affairs
8. Ministry of Home Affairs
9. Ministry of Immigration and Population
10. Ministry of Labour, Employment and Social Security
11. Ministry of Electric Power
12. Ministry of Environmental Conservation and Forestry
13. Chairman, CMP Enterprises Supervision Committee
14. Director General, Directorate of Investment and Company Administration
15. Director General, Department of Human Settlements & Housing Development
16. Director General, Directorate of Industrial Supervision and Inspection
17. Director General, Customs Department
18. Director General, Internal Revenue Department
19. Managing Director, Myanma Foreign Trade Bank
20. Managing Director, Myanma Investment and Commercial Bank
21. Managing Director, Myanma Insurance
22. Managing Director, Myanma Electric Power Enterprise
23. Director General, Directorate of Trade
24. Director General, Immigration and National Registration Department
25. Director General, Directorate of Labour
26. Director General, Department of Forestry
27. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)